#### CITY OF HUNTINGTON BEACH STATEMENT OF NET ASSETS SEPTEMBER 30, 2003 (IN THOUSANDS)

	Governmental	Business- Type	
ASSETS:	Activities	Activities	Total
Cash and Investments	\$ 7,136	\$ 15,354	\$ 22,490
Receivables	16,910	9,786	26,696
Inventories	-	1,154	1,154
Other Assets	4,143	-	4,143
Subtotal	28,189	26,294	54,483
Restricted Assets:			-
Cash and Investments	33,871	36,926	70,797
Cash with Fiscal Agent	22,850	-	22,850
Receivables	15,584	-	15,584
Land Held for Resale	11,024	-	11,024
Total Restricted Assets	83,329	36,926	120,255
Capital Assets :			
Non-Depreciable	335,240	15,910	351,150
Depreciable	245,965	73,224	319,189
Total Capital Assets	581,205	89,134	670,339
TOTAL ASSETS	692,723	152,354	845,077
LIABILITIES:			
Accounts Payable	2,741	4,107	6,848
Accrued Payroll	3,967	416	4,383
Deposits	1,663	1,457	3,120
Subtotal	8,371	5,980	14,351
Liabilities Payable from Restricted Assets:			-
Accounts Payable	3,489	-	3,489
Accrued Interest Payable	747	-	747
Deferred Revenue	3,389	-	3,389
Deposits	3,429	-	3,429
Total Liabilities Payable from Restricted Assets	11,054	-	11,054
Long-Term Obligations:	F 000		5.000
Claims Payable	5,900	-	5,900
Long-Term Obligations Due Within One Year	30,882	323	31,205
Long-Term Obligations Due in More than One Year	152,118	550	152,668
Total Liabilities	188,900	873	189,773
TOTAL LIABILITIES NET ASSETS:	208,325	6,853	215,178
Investment in Capital Assets, Net of Related Debt	446,061	88,884	534 045
Restricted for:	440,001	00,004	534,945
	15.045		15.045
Debt Service Capital Projects	15,045 13,017	-	15,045 13,017
·	13,017	30.046	13,017 54 145
Other Purposes Total Restricted Net Assets	23,199	30,946	54,145
	51,261	30,946	82,207
Unrestricted TOTAL NET ASSETS	(12,924) <b>\$ 484,398</b>	25,671 <b>\$ 145,501</b>	12,747 <b>\$ 629,899</b>
IVIAL NEI ASSEIS	\$ 484,398	φ 145,50T	φ 0∠3,039

## CITY OF HUNTINGTON BEACH STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED SEPTEMBER 30, 2003 (In Thousands)

		P	rogram Revenu	es	Net (Expense) Re	evenue and Char Assets	ges in Net
	Expenses	Charges for Current Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Governmental Activities:							
City Council	\$ 267	\$ -	\$ -	\$ -	\$ (267)	\$ -	\$ (267)
City Administrator	1,587	-	-	-	(1,587)	-	(1,587)
City Treasurer	1,341	-	-	-	(1,341)	-	(1,341)
City Attorney	2,899	-	-	-	(2,899)	-	(2,899)
City Clerk	559	82	-	-	(477)	-	(477)
Administrative Services	8,357	-	-	-	(8,357)	-	(8,357)
Planning	3,633	752	-	-	(2,881)	-	(2,881)
Building	3,045	3,067	-	-	22	-	22
Fire	19,490	1,157	-	-	(18,333)	-	(18,333)
Information Systems	4,401	-	79	-	(4,322)		(4,322)
Police	41,104	4,176	272	635	(36,021)		(36,021)
Economic Development	3,830	257	1,257	-	(2,316)		(2,316)
Community Services	9,989	9,433	, -	878	322	_	322
Library Services	6.721	673	128	-	(5,920)	_	(5,920)
Public Works	25,386	3,356	.20	5,442	(16,588)		(16,588)
Non-Departmental	25,604	5	_	0,112	(25,599)		(25,599)
Interest on Long-Term Debt	6,199	-			(6,199)		(6,199)
Total Governmental Activities	164,412	22,958	1,736	6,955	(132,763)		(132,763)
Business-type Activities:	104,412	22,330	1,730	0,333	(132,703)	-	(132,703)
Water Utility	24,943	26,843		11,100		13,000	13,000
Sewer Service	3,775	5,876	_	11,100	_	2,101	2,101
Refuse Collection	9,681	9,123	-	-	-	,	
	401	746	-	-	-	(558)	(558)
Emerald Cove Housing			-	-	-	345	345
Emergency Fire Medical	3,765	4,103	-	-	-	338	338
Hazmat Service	150	233	-	-	-	83	83
Ocean View Estates	58	245	-		-	187	187
Total Business Type Activities	42,773	47,169		11,100	-	15,496	15,496
Total Business and Government Type Activities	\$ 207,185	\$ 70,127		\$ 18,055	(132,763)	15,496	(117,267)
		General Rev	enues:				
		Taxes:					
		Property 1	Taxes		40,633	-	40,633
		Sales Tax	ces		28,011	-	28,011
		Utility Tax	œs		18,310	-	18,310
		Other Tax	ces		13,337	-	13,337
		Total T	axes		100,291	-	100,291
		Other Gen	eral Revenue:				
		Use of Mo	oney and Proper	ty	9,923	1,482	11,405
		From Oth	er Ágencies	•	16,412	· -	16,412
		Other:	-		5,491	-	5,491
		Total Othe	r General Reve	nue	31,826	1,482	33,308
		Transfers			5,537	(5,537)	,
		Total Gene	ral Revenues a	nd Transfers	137,654	(4,055)	133,599
			Net Assets		4,891	11,441	16,332
		-		Year (Restated)	479,507	134,060	613,567
			- End of Year	. (	\$ 484,398	\$ 145,501	\$ 629,899
					,		,

#### CITY OF HUNTINGTON BEACH BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2003

				Oth	ner N	lajor Govern	men	tal Funds			Ì					
		General	Re	development	F	Public inancing			Pro	perty Tax		Total Major overnmental	Go	Other overnmental		
ASSETS:		Fund		Agency	-	Authority		Grants	F	Refund		Funds		Funds		Total
Cash and Investments	\$	7,136	\$	10,860	\$	-	\$	1,010	\$	2,369	\$	21,375	\$	19,632	\$	41,007
Cash and Investments with Fiscal Agent		-		2,503		19,047		-		-		21,550		1,300		22,850
Taxes Receivable		16,910		2,252		-		-		-		19,162		1,067		20,229
Other Receivables		2,094		4,513		88		5,151		11		11,857		140		11,997
Unbilled Receivable		268		-		-		-		-		268		-		268
Due from Other Funds		3,048		-		-		-		-		3,048		4,123		7,171
Land Held for Resale		-		11,024		-		-		-		11,024		-		11,024
Other Assets		2,557		-		-		-		-		2,557		1,586		4,143
TOTAL ASSETS	\$	32,013	\$	31,152	\$	19,135	\$	6,161	\$	2,380	\$	90,841	\$	27,848	\$	118,689
LIABILITIES AND FUND BALANCES																
LIABILITIES																
Accounts Payable	\$	2.741	\$	126	\$	2	\$	1.440	s	_	\$	4,309	\$	1,921	\$	6,230
Accrued Payroll	Ψ	3,785	۳	16	*	-	*	57	•	_	•	3,858	•	109	Ψ.	3,967
Due to Other Funds		-		-		3,048		-		_		3,048		4,123		7,171
Deposits Payable		1,663		1,843		-		_		_		3,506		1,586		5,092
Deferred Revenue		2,950		3,602		_		3,370		_		9,922		19		9,941
Claims Payable		5.900				_		-		_		5.900		-		5,900
TOTAL LIABILITIES		17,039		5,587		3,050		4,867		-		30,543		7,758		38,301
FUND BALANCES		,		-,,,,,,		-,		.,						-,		
Reserved for:																
Encumbrances		2.757		414		_		1,294		_		4.465		1,889		6,354
Long-Term Receivables		_,		4,764		_		-,_0.		_		4,764		-,555		4,764
Debt Service		_		1,701		4,053		_		_		4,053		_		4,053
Capital Projects		_		_		12,032		_		_		12,032		_		12,032
Land Held for Resale		_		11,024		,		_		_		11.024		_		11,024
Total Reserved Fund Balance		2.757		16.202		16.085		1.294		-		36.338		1.889		38,227
Unreserved, Designated:						. 0,000		.,				00,000		.,,,,,		
Designated for Future Expenditure (Reported in):		-		8,378		-		-		-		8,378		-		8,378
Special Revenue Funds		-		-		-		-		-		-		603		603
Capital Projects Funds		-		-		-		-		-		-		10,220		10,220
Designated for Economic Uncertainties		9,984		-		-		-		-		9,984		-		9,984
Unreserved, Undesignated (Reported in):																
General Fund		2,233		-		-		-		-		2,233		-		2,233
Special Revenue Funds		-		-		-		-		<del>.</del>		<del>-</del>		9,796		9,796
Debt Service Funds		-		-		-		-		2,380		2,380		234		2,614
Capital Projects Funds		-		985		-		-		-		985		(2,652)		(1,667)
Total Unreserved		12,217		9,363		-		-		2,380		23,960		18,201		42,161
TOTAL FUND BALANCES		14,974		25,565		16,085		1,294		2,380		60,298		20,090		80,388
TOTAL LIABILITES AND FUND BALANCES	\$	32,013	\$	31,152	\$	19,135	\$	6,161	\$	2,380	\$	90,841	\$	27,848	\$	118,689

# CITY OF HUNTINGTON BEACH RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS SEPTEMBER 30, 2003 (in thousands)

### Amounts reported for governmental activities in the statement of net assets are different because:

Net Assets of Governmental Activities	\$ 484,398
Current Portion of Claims Payable Included in Long-Term Liabilities that is already recorded in the fund statements	5,900
Long-term Liabilities, including bonds and certificates of participation payable are due and payable and therefore are not reported in the funds.	(188,900)
Accrued Interest Payable not Recorded in Liabilities	(747)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	6,552
Net capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	581,205
Total Fund Balances Governmental Funds	\$ 80,388

# CITY OF HUNTINGTON BEACH STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2003 (IN THOUSANDS)

		Othe	r Major Gover	nmental Fun	ds			
			Public			Total Major	Other	
	General	Redevelopment	Financing		Property Tax	Governmental	Governmental	
REVENUES:	Fund	Agency	Authority	Grants	Refund	Funds	Funds	Total
Property Taxes	\$29,688	\$ 9,099	\$ -	\$ -	\$ -	\$ 38,787	\$ 196	\$ 38,983
Sales Taxes	25,882	-	-	-	-	25,882	2,129	28,011
Utility Taxes	18,310	-	-	-	-	18,310	-	18,310
Other Taxes	11,845	1,492	-	-	-	13,337	-	13,337
Licenses and Permits	6,531	-	-	-	-	6,531	1,514	8,045
Fines and Forfeitures	3,815	-	-	-	-	3,815	-	3,815
From Use of Money and Property	6,843	-	892	596	62	8,393	1,530	9,923
From Other Agencies	10,885	-	-	5,749	-	16,634	8,469	25,103
Charges for Current Service	9,244	896	_	_	_	10,140	1,846	11,986
Other	967	232		252	_	1,451	703	2,154
TOTAL REVENUES	124,010	11,719	892	6,597	62	143,280	16,387	159,667
EXPENDITURES		, -						
Current:								
City Council	269	_	_	_	_	269	_	269
City Administrator	1,559	_	_	_	_	1,559	_	1,559
City Treasurer	1,376	_	_	1	_	1,377	_	1,377
City Attorney	2,836	_	_	_	_	2,836	_	2,836
City Clerk	555	_	_	_	_	555	_	555
Administrative Services	8,323	_	_	_	_	8,323	_	8,323
Planning	2,403	_	_	141	_	2,544	_	2,544
Building	2,566	_	_		_	2,566	477	3,043
Fire	18,848	_	_	173	_	19,021		19,021
Information Systems	3,072		_	175		3,072	547	3,619
Police	40,825			284	_	41,109	75	41,184
Economic Development	843	1,398		1.087	_	3,328	288	3,616
Community Services	9,381	1,390	-	272	-	9,653	529	10,182
·	3,192	-	-	157	-	3,349	866	4,215
Library Services	17,009	-	-	1.082	-	,		,
Public Works	9,348	-	-	1,002	19,820	18,091	1,741 2,068	19,832
Non-Departmental	9,348	1 2 4 7	-		19,820	29,168	,	31,236
Capital Outlay	-	1,347	-	5,353	-	6,700	17,517	24,217
Debt Service:	1 004	1.000	2.455	-	-	7 107	220	7 407
Principal	1,984	1,968	3,155	-	-	7,107	320	7,427
Interest	162	2,016	3,763	260	40.000	6,201	72	6,273
TOTAL EXPENDITURES	124,551	6,729	6,918	8,810	19,820	166,828	24,500	191,328
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(541)	4,990	(6,026)	(2,213)	(19,758)	(23,548)	(8,113)	(24 664)
	(541)	4,990	(6,026)	(2,213)	(19,750)	(23,546)	(0,113)	(31,661)
OTHER FINANCING SOURCES (USES)	0.070	24.462	4.040	0.706		20.700	14.670	E4 460
Transfers In	8,072	24,163	4,819	2,736	- 0.240	39,790	14,673	54,463
Proceeds from Agency Fund	-	40.040	-	-	2,318	2,318	-	2,318
Reclassification of Interfund Advances	-	16,018	-	-	-	16,018		16,018
Proceeds of Long-Term Debt	- (4.040)	1,684	-	-	19,820	21,504	2,370	23,874
Long-Term Debt from Internal Service Funds	(1,610)	-	-	-	-	(1,610)	- (4.740)	(1,610)
Capital Assets Reclassifications for Change in Fund Type	(00.05.7)	-	-	-	-	-	(1,743)	(1,743)
Transfers Out	(32,692)	(8,260)	(7,003)	(2,142)		(50,097)	(6,999)	(57,096)
TOTAL OTHER FINANCING SOURCES (USES)	(26,230)	33,605	(2,184)	594	22,138	27,923	8,301	36,224
INCREASE (DECREASE) IN FUND BALANCES	(26,771)	38,595	(8,210)	(1,619)	2,380	4,375	188	4,563
FUND BALANCE - BEGINNING OF YEAR	41,745	(13,030)	24,295	2,913	-	55,923	19,902	75,825
FUND BALANCE- END OF YEAR	\$ 14,974	\$ 25,565	\$ 16,085	\$ 1,294	\$ 2,380	\$ 60,298	\$ 20,090	\$ 80,388

## CITY OF HUNTINGTON BEACH RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2003 (in thousands)

Net Changes in Fund Balances - Total Governmental funds	\$	4,563
Amounts reported for governmental activities in the Statement of Activities are different because:		
<b>CAPITAL EXPENDITURES AND DEPRECIATION</b> - Governmenta funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	t	24,217
<b>Donated Infrastructure from Developers - I</b> nfrastructure donated from developers that increased the City's capital assets	I	7,879
<b>Depreciation Expense -</b> Depreciation is not recorded in the govrenmental funds. However, it is recorded in the Statement of Activities		(12,681)
ACCRUAL OF REVENUES - Certain revenues in the Statement of Activities do not meet the "availability" criteria for revenue recognition in the governmental funds and are not reported in the governmental funds as revenue.	1	1,650
<b>INTERNAL SERVICE FUNDS</b> - These are used by management to charge the cost of certain activities to individual funds. During the year these funds were closed out with a transfer.		8,170
LONG-TERM DEBT PROCEEDS - Issuances and changes in long-term debt (bonds, leases, certificates of participation, compensated absences, etc) provide current financial resources to governmenta funds, while repayments of this debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, etc. when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.	l l l s	(23,874)
CLAIMS PAYABLE - Due to changes in the City's method for recording	1	(12,460)
PAYMENTS OF LONG-TERM DEBT - Principal payments on long-term debt are recorded an expenditure in the governmental funds and a reduction of liability in the government-wide statements.		7,427
Change in Net Assets of Governmental Activities	\$	4,891

#### CITY OF HUNTINGTON BEACH STATEMENT OF NET ASSETS PROPRIETARY FUNDS SEPTEMBER 30, 2003 (in thousands)

ASSETS         Water Fund         Refund         Refund         Enterprise         Enterprise         Total           Current Assets:         \$42,022         \$5,990         \$1,025         \$48,032         \$1,248         \$5,280           Other Receivables         4,5324         653         1,026         6,003         4,144         7,417           Inventories         1,154         653         1,262         6,003         4,144         7,417           Unbilled Receivable         1,171         264         394         3,690         6,003         1,154         2,369           Due from Cther Funds         1,527         2         1,527         1,292         1,527         1,292         1,527				5	Sewer		Tot	al Major	Non-Major	
Current Assets:         \$42,042         \$ 5,990         \$ 8,8032         \$ 4,248         \$52,280           Cash and Investments         4,324         6653         1,026         6,003         1,414         7,417           Inventories         1,154         1,154         2,389         - 2,389           Unbilled Receivable         1,171         264         349         2,369         - 2,389           Due from Other Funds         1,527         1,527         1,527         1,527           Total Current Assets         50,758         6,907         1,420         59,085         5,662         64,747           Land         3,9077         3,907         3,933         7,840           Buildings         30,723         1,219         2,653         2,653         2,653         2,653         2,653         2,653         2,653         2,653         2,653         2,653         2,653         2,653				s	ervice	Refuse	Ent	terprise	Enterprise	
Case and Investments         \$4,2042         \$5,990         \$ - \$8,032         \$4,204         \$5,208           Other Receivables         1,154         663         1,046         6030         1,154         7,115           Inventories         1,154         663         1,066         30,073         1,154         2.369         2.369           Due from Other Funds         1,527         6.07         1,627         5.02         1,527           Total Current Assets         50,758         6,907         1,420         59,085         5,662         64,747           Buildings         30,907         1,29         3,907         3,933         7,840           Improvements Other than Buildings         30,723         1,219         3,907         3,933         7,840           Improvements Other than Buildings         6,107         191         6,298         1,106         2,653           Machinery and Equipment         6,107         191         6,298         1,106         2,653           Machinery and Equipment         6,107         18,229         6,804         1         86,804           Infrastructure         6,107         18,229         8,072         8,072           Constructure Tablitities         2,263	ASSETS	Wate	er Fund		Fund	Fund	F	unds	Funds	Total
Other Receivables         4,324         653         1,026         6,003         1,414         7,417           Inventories         1,154         -         -         1,154         -         -         2,369           Due from Other Funds         1,527         -         -         1,527         -         -         1,527           Total Current Assets         50,758         6,907         1,420         59,985         5,662         64,747           Capital Assets:         -         -         -         -         1,527         -         -         1,527         -         -         1,527         -         -         1,527         -         -         1,527         -         -         1,527         -         -         1,527         -         -         1,527         -         -         1,527         -         -         1,527         -         -         -         2,673         -         -         2,653         -         -         2,653         -         -         2,653         -         -         2,653         -         -         2,653         -         -         2,653         -         -         2,653         -         -         2,653	Current Assets:									
Name	Cash and Investments	\$	42,042	\$	5,990	\$ -	\$	48,032	\$ 4,248	\$ 52,280
Due from Other Funds	Other Receivables		4,324		653	1,026		6,003	1,414	7,417
Due from Other Funds	Inventories		1,154		-	-		1,154	_	1,154
Total Current Assets         50,758         6,907         1,420         59,085         5,662         64,747           Capital Assets:         3,907         -         -         3,907         3,933         7,840           Buildings         30,723         1,219         -         31,942         4,662         36,604           Improvements Other than Buildings         -         2,653         -         2,653         -         2,653           Machinery and Equipment         6,107         191         -         6,298         1,006         7,404           Infrastructure         51,370         35,434         -         86,804         -         8,072           Less Accumulated Depreciation         (40,149)         (18,229)         -         (58,378)         (1,865)         (60,243)           TOTAL ASSETS         10,088         28,175         1,420         140,383         13,498         153,881           LIABILITIES         10,088         28,175         1,420         140,383         13,498         153,881           Current Liabilities         2,861         191         7,66         3,818         289         4,107           Accouds Payable         2,861         191         7,66 <td< td=""><td>Unbilled Receivable</td><td></td><td>1,711</td><td></td><td>264</td><td>394</td><td></td><td>2,369</td><td>_</td><td>2,369</td></td<>	Unbilled Receivable		1,711		264	394		2,369	_	2,369
Capital Assets:         3,907         -         -         3,907         3,907         3,907         3,907         3,907         3,907         3,907         3,907         3,907         3,907         3,907         3,907         3,907         3,907         3,907         3,908         4,662         36,604         36,604         1,908         36,604         1,908         36,604         1,908         36,604         1,908         36,604         1,908         36,804         2,653         4,682         36,804         6,083         4,007         1,91         6,298         1,106         7,404         8,072         2,653         4,688         8,044         2,688         8,042         2,653         4,002         2,653         4,002         2,653         4,002         2,653         4,002         2,653         4,002         2,653         4,002         2,653         4,002         2,653         4,002         2,653         4,002         2,653         4,002         2,653         4,002         2,653         4,002         2,653         4,002         2,653         4,002         2,653         4,002         2,002         2,002         2,002         2,002         2,002         2,002         2,002         2,002         2,002         2,002	Due from Other Funds		1,527		-	-		1,527	_	1,527
Land         3,907         -         -         3,907         3,933         7,840           Buildings         30,723         1,219         -         31,942         4,662         36,604           Improvements Other than Buildings         2,653         -         2,653         -         2,653           Machinery and Equipment         6,107         191         -         6,298         1,106         7,404           Infrastructure         51,370         35,434         -         86,804         -         86,804           Construction in Process         8,072         -         8,072         -         8,072           Less Accumulated Depreciation         (40,149)         (18,229)         -         (58,378)         (1,865)         60,243           Total Capital Assets         60,030         21,268         -         81,298         7,836         89,134           TOTAL ASSETS         110,788         28,175         1,420         140,383         13,498         153,881           TOTAL ASSETS         110,788         28,175         1,420         140,383         13,498         153,881           Current Capital Assets         2,861         191         766         3,818         289         41	Total Current Assets		50,758		6,907	1,420		59,085	5,662	64,747
Buildings         30,723         1,219         -         31,942         4,662         36,004           Improvements Other than Buildings         -         2,653         -         2,653         -         2,653         -         2,653         -         2,653         -         2,653         -         2,653         -         2,653         -         2,653         -         2,653         -         2,653         -         2,653         -         2,653         -         2,653         -         8,040         -         86,804         -         86,722         -         86,804         -         86,804         -         86,243         -         1,802 <td< td=""><td>Capital Assets:</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td<>	Capital Assets:									
Improvements Other than Buildings	Land		3,907		-	-		3,907	3,933	7,840
Machinery and Equipment         6,107         191         -         6,298         1,106         7,404           Infrastructure         51,370         35,434         -         86,804         -         86,804           Construction in Process         8,072         -         -         8,072         -         1,027         1,362         8,072         -         1,027         1,033         13,48         13,38         13,48         13,38         1         1,007         8,007         -         1,020         1,033         113         410         -         -         1,007         8,007         -         1,527         1,527	Buildings		30,723		1,219	-		31,942	4,662	36,604
Infrastructure	Improvements Other than Buildings		-		2,653	-		2,653	-	2,653
Construction in Process         8,072         -         -         8,072         -         8,072         -         8,072         -         8,072         -         6,030         (18,229)         -         (58,378)         (1,865)         (60,243)           TOTAL ASSETS         60,030         21,268         -         81,298         7,836         89,134           LIABILITIES           Current Liabilities:           Accounts Payable         2,861         191         766         3,818         289         4,107           Accounted Payroll         233         53         17         303         113         416           Due to Other Funds         -         -         1,527         1,527         -         1,527           Due to Other Funds         -         -         1,527         1,527         -         1,527           Due to Other Funds         -         -         1,527         1,527         -         1,527           Due to Other Funds         -         -         1,527         1,527         -         1,527           Current Portion of Claims and Leases         323         24         2,310         7,389         441         7,830	Machinery and Equipment		6,107		191	-		6,298	1,106	7,404
Class Accumulated Depreciation   (40,149)   (18,229)   - (58,378)   (1,865)   (60,243)   (10,241)	Infrastructure		51,370		35,434	-		86,804	-	86,804
Total Capital Assets         60,030         21,268         - 81,298         7,836         89,134           TOTAL ASSETS         110,788         28,175         1,420         140,383         13,498         153,881           Current Liabilities:           Accounts Payable         2,861         191         766         3,818         289         4,107           Accrued Payroll         233         53         17         303         113         416           Due to Other Funds         -         -         1,527         1,527         -         1,527           Deposits Payable         1,418         323         -         1,418         39         1,457           Current Portion of Claims and Leases         323         -         1,418         39         1,457           Current Liabilities         4,835         244         2,310         7,389         441         7,830           Liabilities Payable from Restricted Assets         397         122         519         104         623           Compensated Absences         397         122         519         104         623           Capital Leases         250         -         250         -         250	Construction in Process		8,072		-	-		8,072	-	8,072
TOTAL ASSETS	Less Accumulated Depreciation	(	(40,149)		(18,229)	-		(58,378)	(1,865)	(60,243)
Current Liabilities:	Total Capital Assets		60,030		21,268	-		81,298	7,836	89,134
Current Liabilities:           Accounts Payable         2,861         191         766         3,818         289         4,107           Accrued Payroll         233         53         17         303         113         416           Due to Other Funds         -         -         1,527         1,527         -         1,527           Deposits Payable         1,418         -         -         1,418         39         1,457           Current Portion of Claims and Leases         323         -         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         -         323         -         -         324         122         -         519         104         623           Capital Leases         250         -         250         -         250         -         250         -         250         - <td>TOTAL ASSETS</td> <td>1</td> <td>10,788</td> <td></td> <td>28,175</td> <td>1,420</td> <td></td> <td>140,383</td> <td>13,498</td> <td>153,881</td>	TOTAL ASSETS	1	10,788		28,175	1,420		140,383	13,498	153,881
Accounts Payable         2,861         191         766         3,818         289         4,107           Accrued Payroll         233         53         17         303         113         416           Due to Other Funds         -         -         1,527         1,527         -         1,527           Deposits Payable         1,418         -         -         1,418         39         1,457           Current Portion of Claims and Leases         323         -         -         323         -         323           Total Current Liabilities         4,835         244         2,310         7,389         441         7,830           Liabilities Payable from Restricted Assets         8         8         8         8         8         4         7,830         441         7,830         1         7,830         441         7,830         1         7,830         1         7,830         1         7,830         1         7,830         1         7,830         1         7,830         1         7,830         1         7,830         1         1         1         1         1         1         1         1         1         1         1         1         1         1<	LIABILITIES									
Accrued Payroll         233         53         17         303         113         416           Due to Other Funds         -         -         1,527         1,527         -         1,527           Deposits Payable         1,418         -         -         1,418         39         1,457           Current Portion of Claims and Leases         323         -         -         323         -         -         324         122         -         519         104         623         623         6250         -         -         250         -         250         -         250         -         250         -         -         446         104         550	Current Liabilities:									
Due to Other Funds         -         -         1,527         1,527         -         1,527           Deposits Payable         1,418         -         -         1,418         39         1,457           Current Portion of Claims and Leases         323         -         -         323         -         323           Total Current Liabilities         4,835         244         2,310         7,389         441         7,830           Liabilities Payable from Restricted Assets         8         -         -         519         441         7,830           Non-Current Liabilities:         397         122         -         519         104         623           Capital Leases         250         -         -         250         -         250           Less Current Portion of Claims and Leases         (323)         -         -         (323)         -         -         323         -         325           Total Non-Current Liabilities         324         122         -         446         104         550           TOTAL LIABILITIES         5,159         366         2,310         7,835         545         8,380           NET ASSETS         1         -         81,048	Accounts Payable		2,861		191	766		3,818	289	4,107
Deposits Payable         1,418         -         -         1,418         39         1,457           Current Portion of Claims and Leases         323         -         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         441         7,830           Nor-Current Liabilities:         397         122         -         519         104         623           Capital Leases         250         -         250         -         250         -         250           Less Current Portion of Claims and Leases         324         122         -         446         104         550           TOTAL LIABILITIES         3,159         366         2,310         7,835         545         8,380           NET ASSETS         10         30,946         -         81,048         7,836         88,884         88,884	Accrued Payroll		233		53	17		303	113	416
Current Portion of Claims and Leases         323         -         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         323         -         324         244         2,310         7,389         441         7,830           Nor-Current Liabilities:         397         122         -         519         104         623         623         623         -         250         -         250         -         250         -         250         -         250         -         250         -         250         -         250         -         250         -         250         -         250         -         250         -         250         -         250         -         250         -         250         -         446         104         550         -         50         -         230         7,835         545         8,	Due to Other Funds		-		-	1,527		1,527	-	1,527
Total Current Liabilities	Deposits Payable		1,418		-	-		1,418	39	1,457
Compensated Absences   397   122   - 519   104   623	Current Portion of Claims and Leases		323		-	-		323	_	323
Non-Current Liabilities:           Compensated Absences         397         122         -         519         104         623           Capital Leases         250         -         -         250         -         250           Less Current Portion of Claims and Leases         (323)         -         -         (323)         -         (323)         -         (323)         -         (323)         -         (323)         -         (323)         -         (323)         -         (323)         -         (323)         -         (323)         -         (323)         -         (323)         -         -         (323)         -         (323)         -         -         (323)         -         -         (323)         -         -         (323)         -         -         (323)         -	Total Current Liabilities		4,835		244	2,310		7,389	441	7,830
Non-Current Liabilities:           Compensated Absences         397         122         -         519         104         623           Capital Leases         250         -         -         250         -         250           Less Current Portion of Claims and Leases         (323)         -         -         (323)         -         (323)         -         (323)         -         (323)         -         (323)         -         (323)         -         (323)         -         (323)         -         (323)         -         (323)         -         (323)         -         (323)         -         -         (323)         -         (323)         -         -         (323)         -         -         (323)         -         -         (323)         -         -         (323)         -	Liabilities Payable from Restricted Assets									-
Capital Leases         250         -         -         250         -         250           Less Current Portion of Claims and Leases         (323)         -         -         (323)         -         (323)         -         (323)         -         (323)         -         (323)         -         (323)         -         (323)         -         (323)         -         -         (323)         -         (323)         -         -         (323)         -         -         (323)         -         -         (323)         -         -         446         104         550           TOTAL LIABILITIES         5,159         366         2,310         7,835         545         8,380           NET ASSETS           Invested in Capital Assets, Net of Related Debt         59,780         21,268         -         81,048         7,836         88,884           Restricted for:         -         -         81,048         7,836         88,884           Restricted for:         -         -         30,946         -         -         30,946         -         30,946         -         30,946         -         30,946         -         30,946										
Less Current Portion of Claims and Leases         (323)         -         -         (323)         -         (323)         -         (323)         -         (323)         -         (323)         -         (323)         -         (323)         -         (323)         -         (446)         104         550           TOTAL LIABILITIES         5,159         366         2,310         7,835         545         8,380           NET ASSETS           Invested in Capital Assets, Net of Related Debt         59,780         21,268         -         81,048         7,836         88,884           Restricted for:         -         -         -         30,946         -         -         -         30,946	Compensated Absences		397		122	-		519	104	623
Total Non-Current Liabilities         324         122         -         446         104         550           TOTAL LIABILITIES         5,159         366         2,310         7,835         545         8,380           NET ASSETS           Invested in Capital Assets, Net of Related Debt         59,780         21,268         -         81,048         7,836         88,884           Restricted for:         -           Other Purposes         30,946         -         -         30,946         -         30,946           Unrestricted         14,903         6,541         (890)         20,554         5,117         25,671	Capital Leases		250		-	-		250	-	250
TOTAL LIABILITIES         5,159         366         2,310         7,835         545         8,380           NET ASSETS           Invested in Capital Assets, Net of Related Debt         59,780         21,268         -         81,048         7,836         88,884           Restricted for:         -         -         -         -         -         30,946         -         -         30,946         -         30,946         -         30,946         -         30,946         -         5,117         25,671           Unrestricted         14,903         6,541         (890)         20,554         5,117         25,671	Less Current Portion of Claims and Leases		(323)		-	-		(323)	-	(323)
NET ASSETS       Invested in Capital Assets, Net of Related Debt     59,780     21,268     -     81,048     7,836     88,884       Restricted for:     -     -     -     -     -     30,946     -     -     30,946     -     -     30,946     -     -     30,946     -     -     30,946	Total Non-Current Liabilities		324		122	-		446	104	550
Invested in Capital Assets, Net of Related Debt     59,780     21,268     -     81,048     7,836     88,884       Restricted for:     -     -     -     -     -     30,946     -     30,946     -     30,946     -     30,946     -     30,946     -     30,946     -     30,946     -     5,117     25,671	TOTAL LIABILITIES		5,159		366	2,310		7,835	545	8,380
Restricted for: 30,946 - 30,946 Unrestricted 14,903 6,541 (890) 20,554 5,117 25,671	NET ASSETS									
Other Purposes         30,946         -         -         30,946         -         30,946         -         30,946         -         30,946         -         5,117         25,671         25,671         -         20,554         5,117         25,671         -	Invested in Capital Assets, Net of Related Debt		59,780		21,268	-		81,048	7,836	88,884
Unrestricted 14,903 6,541 (890) 20,554 5,117 25,671	Restricted for:							-		
	Other Purposes		30,946		-	-		30,946	-	30,946
TOTAL NET ASSETS \$ 105,629 \$ 27,809 \$ (890) \$ 132,548 \$ 12,953 \$ 145,501	Unrestricted		14,903		6,541	(890)		20,554	5,117	25,671
	TOTAL NET ASSETS	\$ 1	05,629	\$	27,809	\$ (890)	\$	132,548	\$ 12,953	\$ 145,501

#### CITY OF HUNTINGTON BEACH STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS PROPRIETARY FUNDS

## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003 (in thousands)

			,	Sewer	Total Major			Non-Major		
			S	ervice		Refuse	nterprise	ı	Enterprise	
	Wate	er Fund		Fund		Fund	Funds		Funds	Total
OPERATING REVENUES:									•	
Sales	\$	25,883	\$	-	\$	-	\$ 25,883	\$	-	\$ 25,883
Rentals		-		-		-	-		959	959
Fees for Service		-		5,876		9,069	14,945		4,276	19,221
Other		960		-		54	1,014		92	1,106
TOTAL OPERATING REVENUES		26,843		5,876		9,123	41,842		5,327	47,169
OPERATING EXPENSES:										
Water Purchases		8,501		-			8,501		-	8,501
Supplies and Operations		3,418		3,055		9,681	16,154		4,154	20,308
Engineering		657		-		-	657		-	657
Production		3,104		-		-	3,104		-	3,104
Maintenance		2,040		-		-	2,040		-	2,040
Water Meters		1,085		-		-	1,085		-	1,085
Water Quality		301		-		-	301		-	301
In-Lieu Taxes to General Fund		3,909		-		-	3,909		-	3,909
Depreciation		1,928		720		-	2,648		220	2,868
TOTAL OPERATING EXPENSES		24,943		3,775		9,681	38,399		4,374	42,773
OPERATING INCOME (LOSS)		1,900		2,101		(558)	3,443		953	4,396
NON-OPERATING REVENUES (EXPENSES):										
Interest Income		1,253		118		33	1,404		78	1,482
Capital Improvement Fees		6,469		-		-	6,469		-	6,469
TOTAL NON-OPERATING REVENUES (EXPENSES)		7,722		118		33	7,873		78	7,951
CHANGE IN NET ASSETS BEFORE TRANSFERS AND										
CAPITAL CONTRIBUTIONS:		9,622		2,219		(525)	11,316		1,031	12,347
TRANSFERS AND CAPITAL CONTRIBUTIONS:										
Transfers In		-		-		-	-		35	35
Transfers Out		(3,018)		-		-	(3,018)		(2,554)	(5,572)
Capital Contributions		97		4,534		-	4,631		-	4,631
TOTAL TRANSFERS AND CAPITAL CONTRIBUTIONS		(2,921)		4,534		-	1,613		(2,519)	(906)
TOTAL CHANGE IN NET ASSETS		6,701		6,753		(525)	12,929		(1,488)	11,441
NET ASSETS - BEGINNING OF YEAR		98,928		21,056		(365)	119,619		14,441	134,060
NET ASSETS- END OF YEAR	\$ 1	05,629	\$	27,809	\$	(890)	\$ 132,548	\$	12,953	\$ 145,501

#### **CITY OF HUNTINGTON BEACH** STATEMENT OF CASH FLOWS **PROPRIETARY FUNDS**

#### FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003 (in thousands)

	Wa	ater Fund		Sewer Service Fund		Refuse Fund	Er	tal Major iterprise Funds		Non-Major Enterprise Funds		Total
Cook Flows from Operating Activities	VV	iter Fullu		ruliu		Fullu		ruiius		rulius		TOtal
Cash Flows from Operating Activities:	\$	20.025	Φ.	E 0.4E	•	0.254	•	44.004	•	E 700	æ	E0 000
Cash Received from Customers and Users	Ф	29,025	Ф	5,845	Ф	,	Ф	44,221	Ф	5,788	\$	50,009
Cash Paid to Employees for Services		(4,733)		(1,222)		(179)		(6,134)		(1,649)		(7,783)
Cash Paid to Suppliers of Goods and Services		(20,809)		(1,507)		(9,646)		(31,962)		(2,522)		(34,484)
Other Operating Items		(1,527)				441		(1,086)		60		(1,026)
Net Cash Provided (Used) by Operating Items		1,956		3,116		(33)		5,039		1,677		6,716
Cash Flows from Noncapital Financing Activities:												
Transfers In		_		_		_		_		35		35
Transfers Out		_		_		_		_		(2,554)		(2,554)
Net Cash Provided (Used) by Non Capital Financing										(=,===)		(=,==)
Activities		-		-		-		-		(2,519)		(2,519)
Cash Flows from Capital and Related Financing Activi	ities:							(0.053)				(0.052)
Purchase of Plant, Property, and Equipment		(8,853)		-		-		(8,853)		(004)		(8,853)
Principal Paid on Long-Term Debt		0.400		-		-		0.400		(281)		(281)
Capital Surcharge		6,469		-		-		6,469		_		6,469
Net Cash Provided (Used) by Capital and Related		(2.22.1)						(2.22.1)				(0.00)
Financing Activities		(2,384)		-		-		(2,384)		1,532		(852)
Cash Flows from Investing Activities		4.050		440				4 404				4 400
Cash Received from Investments		1,253		118		33		1,404		78		1,482
Net Increase in Cash and Cash Equivalents		825		3,234		-		4,059		768		4,827
Cash and Cash Equivalents, Beginning of Year	_	41,217		2,756		-		43,973		3,480		47,453
Cash and Cash Equivalents, End of Year	\$	42,042	\$	5,990	\$	-	\$	48,032	\$	4,248	\$	52,280
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities Operating Income (Loss)	\$	1,900	\$	2,101	\$	(558)	\$	3,443	\$	953	\$	4,396
Adjustments to Reconcile Operating income to Net												
Cash Provided (Used) by Operating Activities		1 000		720				2640		220		2 060
Depreciation		1,928		720		(ECE)		2,648		220		2,868
Decrease (Increase) in Accounts Receivable		(2,534)		(363)		(565)		(3,462)		287		(3,175)
Decrease (Increase) in Unbilled Receivables		2,304		350		847		3,501		-		3,501
Decrease (Increase) in Prepaid Insurance		-		-		-		-		-		-
Decrease (Increase) in Advances to Other Funds		2,894		-		-		2,894		-		2,894
Decrease (Increase) in Due from Other Funds		(1,527)		-		-		(1,527)		-		(1,527)
Decrease (Increase) in Inventory		(50)		-		-		(50)		_		(50)
Increase (Decrease) in Accounts Payable		68		190		35		293		95		388
Increase (Decrease) in Accrued Payroll		72		(4)		8		76		65		141
Increase (Decrease) in Due to Other Funds		-		-		235		235		-		235
Increase (Decrease) in Claims Payable		-		-		-		-		-		-
Increase (Decrease) in Advances from Other Funds		(3,018)		-		-		(3,018)		-		(3,018)
Increase (Decrease) in Deposits		(92)		-		-		(92)		12		(80)
Increase (Decrease) in Compensated Absences		11		122		(35)		98		45		143
Net Cash Provided (Used) by Operating Activities	\$	1,956	\$	3,116	\$	(33)	\$	5,039	\$	1,677	\$	6,716

#### CITY OF HUNTINGTON BEACH STATEMENT OF FIDUCIARY FUND NET ASSETS FIDUCIARY FUNDS SEPTEMBER 30, 2003

Assets:	То	tal Agency Funds	Trust Fund - Retirement oplemental Fund
Cash and Investments	\$	7,552	\$ 10,474
Cash with Fiscal Agent		2,119	-
Accounts Receivable, Net		445	51
Total Assets	\$	10,116	\$ 10,525
Liabilities:			
Accounts Payable	\$	_	2
Due to Bondholders		3,369	-
Total Liabilities		3,369	2
Net Assets:			
Held in Trust for Pension Benefits and Other Purposes	\$	6,747	\$ 10,523

#### CITY OF HUNTINGTON BEACH STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS TRUST FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2003

Additions:	Re Sup	st Fund - tirement plemental Fund
Employer Contributions	\$	3,036
Interest Income		216
Total Additions	\$	3,252
Deductions:		
Benefits		1,505
Change in Net Assets		1,747
Net Assets- Beginning of Year		8,776
Net Assets- End of Year	\$	10,523